GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:3938
ANSWERED ON:22.03.2001
INVENTORY HOLDINGS
RADHA MOHAN SINGH

Will the Minister of DEFENCE be pleased to state:

(a) the details of possible causes for unbalanced inventory holdings and the measures taken to overcome them;

(b) whether substantial public funds have been locked up in these unbalanced inventory holdings;

(c) the reasons of keeping obsolescence stores; and

(d) the reasons for not remaining constantly vigilant and reviewing inventory control and monitoring the wastage?

Answer

MINISTER OF DEFENCE (SHRI JASWANT SINGH)

(a) to (d): A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 3938 22.3.2001

The Comptroller and Auditor General of India`s (CAG`s) report on `Review of Inventory Management in Ordnance Services` publishec under reference of Union Government (Defence Services) No. 7-A of 2000.The report of CAG of India was prepared after Director General of Audit Defence Services had conducted a study on this subject during 1999 & 2000 when its team visited five Central Ordnance Depots (CODs) viz; at Agra, Delhi Cantonment, Jabalpur, Kanpur and Central Armoured Fighting Vehicle Depot (CAFVD Kirkee.

The aim of the study was to carry out a special review of the inventory management policies, practices and procedures, with a view to suggesting measures to improve management of inventory held by the Central Ordnance Depots.Accordingly, a number of recommendations, have been made in the report, for consideration and implementation by the Army Ordnance Corps, in particular, as also other connected organizations like Department of Defence Production & Supplies, Directorate General of Quality Assurance and Directorate of Standardization as well as the Government.

As stated in the Defence Services Report, 2000, tabled in Parliament on 22nd December, 2000, possible causes forimbalance in inventory holdings have been indicated as:

(i) Incorrect Forecasting of Requirements.

(ii) Faulty Scales

(iii) Multiple procurement Agencies.

(iv) Avoidable Delays

Based on this, the Comptroller and Auditor General of India has made a number of recommendations most of which have been accepted by Government and are being implemented in a phased manner.